



OFFICE OF  
INSURANCE COMMISSIONER

February 2, 2004

VIATICAL BENEFACTORS LLC  
100 GALLERIA PKWY  
ATLANTA GA 30339

ATTN: Richard W. Meekins

RE: Viatical Settlement Provider Application

Dear Mr. Meekins:

This Office has reviewed your application and related correspondence pertaining to licensure as a viatical settlement broker in Washington.

RCW 48.102.010(4)(b) gives this Office broad authority to refuse to issue a license when we are not satisfied that the application meets the standards required by the public interest.

Our review has identified a number of issues which reflect a negative influence and involvement by Mutual Benefits Corporation (MBC) upon the applicant. While Mr. Sparkes' letter of 11/14/03 states that MBC has settled certain legal and/or administrative actions against it, we nevertheless find the allegations, past actions and pending actions to fall far beyond the level of acceptability. Until MBC is fully exonerated, we find that its participation directly or indirectly is not in the public interest.

Additionally, while Mr. Sparkes' letter addresses RCW 48.102.045, we are neither satisfied with his explanation nor agree with his conclusion. A read of the statute shows that it applies to both direct *and indirect* transfer of ownership of contracts by the applicant. In describing the activity, it is stated that MBC may be made a beneficiary under an acquired policy which they have provided funding, in addition to receiving a commission. We would contend that being a beneficiary would certainly imply an indirect ownership interest, which would violate the statute unless or until MBC is itself licensed as a viatical settlement provider in Washington.

Finally, we find it unacceptable that the operations of the applicant could be adversely impacted or entirely halted should the funding source through MBC be curtailed, as stated within the 12/31/02 financial statement provided.

As stated in our 9/24/03 letter, it certainly appears that, for all intents and purposes VB is acting as a fronting company for MBC. Therefore, your application is denied.

Additionally, we wish to clarify the requirements under WAC 284-97-020(3)(m), requiring submission of its marketing techniques and training program. As WAC 284-97-030 requires licensure and appointment of the viatical settlement brokers acting under its license, the viatical settlement provider is expected and required to be responsible for those within its employ, whether separately licensed or not. Therefore, it is not acceptable to effectively pass off compliance responsibility for marketing and training, as your lack of submission would suggest. This provides additional grounds for denial. As a note, one of your intended brokers, Alir Company, does not have a valid Washington license currently.

*Please be advised Viatical Benefactors LLC is NOT registered as a Viatical Settlement Provider in the State of Washington and is PROHIBITED from conducting business as a Viatical Settlement Provider in this State.*

*Be also advised that the marketing, solicitation or sale of securities in Washington is regulated by the Department of Financial Institutions. The Department of Financial Institutions considers the sale of investments in viatical contracts in Washington to be a security and therefore subject to its regulation.*

If you have any questions or need additional information, please contact me at 360-725-7206 or by e-mail at [KrisG@oic.wa.gov](mailto:KrisG@oic.wa.gov). Thank you.

Sincerely,



Kristofer Graap  
Insurance Policy and Compliance Analyst I

cc: Marshall McGinnis; Manager, Company Licensing